

Office-Supreme Court, U.S.  
FILED  
DEC 28 1983  
ALEXANDER L STEVAS,  
CLERK

NO. 82-1608

IN THE

# Supreme Court of the United States

SOUTH-CENTRAL TIMBER DEVELOPMENT, INC.,  
Petitioner

v.

ESTHER WUNNICKE,  
Commissioner of Department of Natural  
Resources of the State of Alaska, et al.,  
Respondents

and

KENAI LUMBER COMPANY, INC.,  
Respondent

---

ON WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

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BRIEF OF AMICI CURIAE  
NORTHWEST INDEPENDENT  
FOREST MANUFACTURERS,  
NORTH WEST TIMBER ASSOCIATION, AND  
INTERNATIONAL WOODWORKERS OF AMERICA  
IN SUPPORT OF STATE OF ALASKA

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NO. 80-1382

IN THE SUPREME COURT OF THE UNITED STATES  
OCTOBER TERM, 1983

SOUTH-CENTRAL TIMBER DEVELOPMENT, INC.,

Petitioner,

v.

ROBERT LeRESCHE, COMMISSIONER OF DEPARTMENT OF NATURAL RESOURCES OF THE STATE OF ALASKA, et al., Respondents,

KENAI LUMBER CO.,

Respondent.

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CONSENT OF PARTIES TO FILING OF BRIEF OF AMICUS CURIAE IN SUPPORT OF RESPONDENTS

Pursuant to Rule 35.2 of the Supreme Court Rules, all parties to this case hereby consent to the filing of a joint brief by the Northwest Independent Forest Manufacturers (NIFM), North West Timber Association (NWTA), and the International Woodworkers of America, as amicus curiae in support of respondents.

DATED December 13, 1983.

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INTEREST OF AMICI CURIAE

Northwest Independent Forest  
Manufacturers (NIFM) and North West  
Timber Association (NWTA) are nonprofit  
organizations composed of manufacturers  
who produce lumber, plywood, veneer, and  
shakes and shingles in the Northwest.  
Each member employs less than 500  
employees, and most members are dependent  
on public timberland for a timber supply.  
International Woodworkers of America  
(IWA) is a trade union representing  
90,000 loggers, sawmill workers, and  
other workers employed in wood manufac-  
turing enterprises. (See Appendix B.)

These amici curiae are interested in  
assuring that public timberlands are  
managed so that they produce long-term  
timber yields for the nation, long-term  
survival for forest product industries.

and long-term employment in those industries. The members of these amici curiae are small businesses and their employees. Unlike the corporate giants of the forest products industry, these small businesses do not own their own timberlands. For the members of these amici curiae, the relatively small amount of timber on state-owned lands constitutes an important timber supply without which their economic existence and jobs are endangered.

State legislation requiring primary manufacture of wood products in the United States from state-owned timberlands will conserve resources for American small businesses and will result in employment of American workers. However, such state legislation has only minimal and incidental impact on interstate or foreign commerce.

## II

SUMMARY OF ARGUMENT

It is not the purpose of these amici curiae to represent and reargue the case law which may be applicable to this lawsuit. Rather, in this brief in support of the State of Alaska, we will attempt to set forth briefly the economic substance to which the legal argument must be applied.

It is the position of these amici curiae that an economic analysis shows that state legislation restricting log exports has an "only incidental" effect on interstate and foreign commerce, but a significant effect on "a legitimate local public interest". Pike v. Bruce Church, 397 US 137, 142 (1970). In light of the economic substance, the legal arguments assume secondary significance.

The states, collectively, as owners and sellers of timber, constitute only

one small participant in the timber-log market. As we shall discuss, in the Pacific Coast states from which the vast majority of log exports arise, state-owned timber constitutes only a little more than 5% of all timber suitable for log export. In the Pacific Coast states, actual log exports have been about 14% of all timber suitable for export, and currently the great majority, perhaps 80% or more, has come from privately-owned timberlands.

The effect of the Alaska law requiring in-state primary manufacturing of timber from state-owned timberlands is to decrease timber available for log exports by only 0.2%. Any decrease in log exports from this small amount of state-owned timber has been and will continue to be replaced by increased log exports from privately-owned timberland. Any effect on interstate or foreign

commerce is minimal and incidental.

On the other hand, the effect upon legitimate local public interests will be great. Legislation requiring processing of logs in the United States will result in jobs and employment for local communities suffering from the continuing economic turndown in the forest products industry. And, such legislation will generate state and local government income from sales, business, and property taxes.

In summary, the economic impact of the state legislation on interstate and foreign commerce is small, but the benefit on local communities is very significant.

### III

#### ARGUMENT

##### A. Minor Effect on Interstate and Foreign Commerce.

Ownership of commercial timberlands in the United States is diverse: 72% of

commercial timberland is privately owned; 22% is federally owned or managed; and only 6% is state owned. In the Pacific Coast states of Alaska, Washington, Oregon, and California, which account for most of the log exports, private ownership is less (37%) and federal ownership is greater (55%); but state ownership is only 8% of commercial timberland.<sup>1/</sup>

Timber suitable for export is softwood sawtimber. If we look at the volume of softwood sawtimber currently inventoried on commercial timberlands, state ownership in the Pacific Coast states constitutes only 5.3% of the total inventory.<sup>1/</sup> If we look at the volume of sawtimber actually harvested in 1972 through 1981 from timberlands in the

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<sup>1/</sup> U. S. Forest Service, An Analysis of the Timber Situation in the United States, 1952-2030, Appendix 3.

<sup>1/</sup> See Table 1 on p. 17-18.

Pacific Coast states, state-owned sawtimber accounted for 5.6% of the harvest.<sup>1/</sup> Privately-owned sawtimber (including Alaska native corporation and other Indian ownership) accounted for 54.5% of the harvest.<sup>1/</sup>

Of the softwood sawtimber harvested from timberlands in the Pacific Coast states in 1972 through 1981, 13.9% was exported.<sup>1/</sup> In the two states for which these amicus curiae have data, the great majority of exports are from private timberlands. In Washington, in the ten-year period 1968 to 1978, timber from state-owned timberlands constituted between 21% to 25% of exports. Since 1978, the percentage of export from

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<sup>1/</sup> See Table 2 on p. 19.

<sup>1/</sup> See Table 2 on p. 19.

<sup>1/</sup> See Tables 2 and 3 on pp. 19-20; 27,196 million board feet were exported out of a total harvest of 195,792 million board feet.

state-owned timberlands has steadily decreased to an estimated 13.8% of all exports in 1982.<sup>1/</sup>

The percentage of exports from state-owned lands in Washington remained constant, and since 1978 has declined, despite the imposition of export restrictions on federal timberlands. In 1968, timber from federal lands accounted for 14.9% of total exports, but by 1978 had fallen to almost nothing. Privately-owned timber has accounted for the great majority of log exports from timberlands in Washington and currently is approximately 85%.<sup>2/</sup> Likewise, in Alaska, timber from timberlands of Indian tribes makes up most of the exports from Alaska.<sup>3/</sup>

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<sup>1/</sup> See Table 4 on p. 21.

<sup>2/</sup> See Table 4 on p. 21.

<sup>3/</sup> See Brief of Amici Curiae Pacific Rim Trade Association and Washington

Out of the total amount of softwood sawtimber harvested during 1972-81 in the Pacific Coast states, 39.8% was from federal lands and subject to federal export restriction. Only 1.3% of the total harvest was from state-owned land in Oregon and California subject to state primary manufacturing requirements. The remaining 58.5% of the harvest was available for export without any limitation.<sup>1'</sup> As indicated above, 13.9% of the total harvest was exported.

State-owned softwood sawtimber in Alaska subject to a primary processing requirement, as a percentage of the amount of the 1972-81 harvest available for unrestricted export, was a mere 0.2%. If all state-imposed primary

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<sup>1'</sup> (Continued)  
Citizens for World Trade in Support of Petition for Certiorari at p. 6.

<sup>1'</sup> See Tables 5 and 6 on pp. 22-27.

processing requirements in the Pacific Coast states were removed, logs available for log export would be increased by only 1.5%. If, for illustration only, we assume that state-owned timber in Washington had been subject to a 50% log-export restriction, then the amount of the timber harvest available for log export would have decreased by only 2.0%.<sup>10/</sup>

In summary, of the total amount of timber from Pacific Coast states which is suitable for export, 58.7% has been available for log export without any legal limitation, and 13.9% has been actually exported as logs. Of the amount exported as logs, the great majority,

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<sup>10/</sup> See Table 6 on p. 25-27. Legislation has been considered by the Washington State Legislature that would require domestic processing of 50% or less of timber harvested from state-owned timberlands. See Washington Bill No. SB 3293.

likely 75% or more, has come from privately-owned lands. State-owned timberlands account for only 5.6% of the total timber suitable for log export. The Alaska law requiring in-state primary processing decreases timber available for log export by a mere 0.2%, or less, since imposition is discretionary. Even assuming legislation requiring primary processing in the United States of all logs from state-owned lands in Alaska, Oregon, and California, and 50% of logs from state-owned lands in Washington, such legislation would affect only about 3.4% of the total softwood timber harvest in Pacific Coast states.

The small amount of state-owned timber which would be restricted from export as logs by state legislation can easily be replaced by increased export of logs from privately-owned timberlands. Such shift occurred when federally-owned

timberlands were removed from the export portion of the market.<sup>11/</sup> Furthermore, exports are expected to decrease over the remainder of this century and into the next century.<sup>12/</sup> The economic impact of state legislation on interstate and foreign commerce is minimal and clearly incidental.<sup>13/</sup> Each state is but a minor market participant in the over-all timber market.

B. Substantial Effect on Local Public Interest.

These amici curiae have supported legislation introduced in the Washington State Legislature which would require

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<sup>11/</sup> See Table 4 on p. 21.

<sup>12/</sup> See Table 7 on p. 28.

<sup>13/</sup> The Alaska legislation, considered alone, has no effect on interstate commerce. There is no interstate commerce. There is no interstate market for Alaskan timber. See Brief of Amici Curiae Pacific Rim Trade Association, et al., in Support of Petitioner, p. 5 n.11.

one half or less of logs harvested from state-owned timberlands to be processed inside the United States. The economic benefit on local areas in the Northwest would be significant. In its report to the Washington State Legislature (see Appendix A), NIFM estimates that such legislation would result in approximately 1,500 direct and indirect jobs in local communities hard hit by the deep and continuing recession in the forest products industry. Additionally, such legislation would generate an estimated \$1,078,000 annually in state and local sales taxes; \$506,000 annually in state and local business and occupation taxes; and \$630,000 annually in property taxes. In addition, new mill construction would generate an estimated one-time tax revenue of \$1,680,000.<sup>14</sup>

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<sup>14</sup> See Appendix A.

CONCLUSION

In this brief we have focused upon economic reality and have left the parties to debate the law. The economic reality is that state primary manufacturing requirements for timber from state-owned lands has little effect on interstate or foreign commerce. The economic effect of the Alaska State legislation under scrutiny in this case, will be to decrease timber available for log export by a mere 0.2%. The maximum effect of existing or proposed legislation in all Pacific Coast states would be limited to 3.4% of the total softwood timber harvest. These small effects can easily be offset by increased log exports from privately-owned timberland. On the other hand, the economic reality is that local communities will benefit

significantly from increased employment and increased tax revenues.

Balancing the economic realities, "the burden imposed on [interstate and foreign commerce] is clearly [not] excessive in relation to the putative local benefits" and, therefore, the Alaska State legislation should "be upheld". Pike v. Bruce Church, supra, 397 US at 142. The judgment of the Court of Appeals should be upheld.

DATED: December 27, 1983.

Respectfully submitted,

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TABLE 1

SOFTWOOD SAWTIMBER ON COMMERCIAL TIMBERLANDS  
IN PACIFIC COAST STATES BY OWNERSHIP CLASS  
(in million board feet International 1/4 scale)

	<u>Private</u>	<u>Federal &amp;</u>		<u>Indian</u>	<u>State</u>	<u>TOTAL</u>	<u>% State</u>
	<u>&amp; Native</u>	<u>Other</u>	<u>Public</u>				
Alaska	32,118*	156,162		2,000*	1/ 23,000	1/ 213,280	10.8
California	91,280	160,234		2,000	1/ 2,080	255,594	0.8
Oregon	88,775	313,992		5,000	1/ 6,419	414,186	1.5
Washington	<u>111,766</u>	<u>160,034</u>		<u>10,000</u>	<u>1/ 31,500</u>	<u>313,300</u>	<u>10.1</u>
<b>TOTAL</b>	<b>323,939</b>	<b>790,422</b>		<b>19,000</b>	<b>62,999</b>	<b>1,196,360</b>	<b>5.3</b>

Source: USDA, Forest Service; Forest Statistics of the U.S.,  
1977 "Indian" interpolated from Tables 2 and 13.

TABLE 1 (Continued)

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- 1/ USDA, Forest Service PNW Exp. Sta. - Alaska Forest Inventory & Analysis, May 1983 (estimate of eventual conveyance to state and natives).
  - 1/ State of California, Department of Forestry, Timber Inventory 1979.
  - 1/ State of Oregon, Department of Forestry, Inventory & Analysis Section, 1980 Timber Inventory.
  - 1/ State of Washington; Department of Natural Resources, Division of Management Services, Timber Inventory, 1981.
  - \* In 1980, two-thirds of Alaska's exports were attributable to round log sales from privately-held native lands in Southeastern Alaska. Source: Prohibit Export of Unprocessed Timber; Hearings before the Subcommittee on Forest, Family Farms and Energy of the House Committee on Agriculture, 97th Congress, p. 7 (1981). 18

TABLE 2

SOFTWOOD TIMBER HARVESTED FROM PACIFIC COAST STATES 1972-81  
BY OWNERSHIP  
(in million board feet, Scribner scale)

	<u>Private</u> <u>&amp; Native</u>	<u>Federal &amp;</u> <u>Other Public</u>	<u>Indian</u>	<u>State</u>	<u>TOTAL</u>	<u>% State</u>
Alaska	238 <sup>1/</sup>	4,714	77	437	5,466	8.0
California	25,405	19,463	421	302	45,591	0.7
Oregon	34,877	40,839	964	2,210	78,890	2.8
Washington	40,501	13,005	4,286	8,053	65,845	12.2
<b>TOTAL</b>	<b>101,021</b>	<b>78,021</b>	<b>5,748</b>	<b>11,002</b>	<b>195,792</b>	<b>5.6</b>
<b>% of Total</b>	<b>51.6%</b>	<b>39.8%</b>	<b>2.9%</b>	<b>5.6%</b>	<b>100%</b>	

Source: F. Ruderman, Production, Prices, Employment & Trade in Northwest, 2nd and 3rd Qtr. 1982, Department of Agriculture, Forest Service.

<sup>1/</sup> Alaska National Interest Lands Conservation Act (ANILCA); Timber Supply and Demand Report 1982, Department of Agriculture, Forest Service (Data 1980 and 1981 only--prior harvest unavailable, believed minimal).

TABLE 3

**SOFTWOOD LOG EXPORTS FROM PACIFIC COAST STATES 1972-81**  
 (in million board feet, Scribner scale)

	<u>Alaska</u>	<u>California</u>	<u>Oregon</u>	<u>Washington</u>	<u>TOTAL</u>
1972	66	78	508	2,110	2,762
1973	72	105	484	2,114	2,775
1974	35	78	452	1,730	2,295
1975	29	87	562	1,726	2,404
1976	26	112	545	2,191	2,874
1977	52	72	553	2,003	2,680
1978	68	74	606	2,241	2,989
1979	129	66	618	2,616	3,429
1980	161	33	546	2,086	2,826
1981	<u>149</u>	<u>26</u>	<u>455</u>	<u>1,532</u>	<u>2,162</u>
<b>TOTAL</b>	<b>787</b>	<b>731</b>	<b>5,329</b>	<b>20,349</b>	<b>27,196</b>
<b>% Total</b>	<b>2.9%</b>	<b>2.7%</b>	<b>19.6%</b>	<b>74.8%</b>	<b>100.0%</b>

Source: F. Ruderman, Production, Prices, Employment & Trade in Northwest, 3rd Quarter, 1982, Department of Agriculture, Forest Service.

TABLE 4

**SOFTWOOD LOG EXPORTS FROM NATIONAL FOREST,  
STATE AND OTHER LANDS IN WASHINGTON STATE 1968-82  
(in million board feet)**

Year	National Forest		State		All other Owners		TOTAL	
	Volume	%	Volume	%	Volume	%	Volume	%
1968	184	14.9	259	21.0	791	64.1	1234	100.0
1970	148	8.7	387	22.8	1163	68.5	1698	100.0
1972	107	5.5	494	25.3	1355	69.3	1956	100.0
1974	63	3.9	348	21.6	1201	74.5	1612	100.0
1976	50	2.8	436	24.5	1297	72.7	1783	100.0
1978	9	0.3	602	23.3	1968	76.3	2579	100.0
1980	5	0.2	419	18.2	1884	81.6	2308	100.0
1982 <sup>1/</sup>	6	0.3	295	13.8	1833	85.9	2134	100.0

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Source: Washington Mill Survey, Washington State Department of Natural Resources, December 1981.

<sup>1/</sup> Washington Mill Survey, Washington State Department of Natural Resources unpublished, estimated publication date, April, 1984.

TABLE 5  
COMPARISON OF LOG EXPORT

Geographic Area	Land Affected	General Limitations	Exemptions
All areas west of 100th meridian in contiguous 48 states	National Forests	No export of unprocessed National Forest timber nor substitution for timber exported from private lands.	Port Orford cedar, Alaska cedar. Sales having appraised value less than \$2,000.
All areas west of 100th meridian in contiguous 48 states	Bureau of Land Management	No export of unprocessed BLM timber nor substitution for exported private timber.	Negotiated right-of-way timber sales. Port Orford cedar. Alaska cedar.
Contiguous 48 states <sup>1</sup>	Public lands	No export of unprocessed Western red cedar from Federal and State lands.	Timber sales purchased prior to October, 1979

TABLE 5 (Continued)

Geographic Area	Land Affected	General Limitations	Exemptions
Alaska	National Forests	Requires primary processing in discretion of the State.	Alaska cedar, Western red cedar on long-term sale to Ketchikan Pulp Co.
Alaska	State of Alaska	Requires primary processing in discretion of the State.	With prior approval, small volumes of all species except spruce and hemlock may be exported for experimental purposes.
Oregon	State of Oregon	Export of unprocessed timber by permit only based on unavailability of domestic markets.	Port Orford cedar and timber from State Land Board Lands <sup>1</sup>

TABLE 5 (Continued)

Geographic Area	Land Affected	General Limitations	Exemptions
Oregon	McQuinn Strip portion of Warm Springs Reservation	Until January 1, 1992, timber from the McQuinn Strip must be designated for primary manufacture in the U.S.	None
California	State of California	No export of unprocessed timber nor substitution of State timber for timber exported from private lands.	None

Source: Gary Lindell, Log Export Restrictions of the Western States and British Columbia, Dept. of Agriculture, Forest Service PNW-63, 1978.

<sup>1/</sup> Export Administration Act of 1979, U.S. Dept. of Commerce, International Trade Administration, August 1, 1982; see Pub. Law 96-72 and 15 CFR 368, et seq.

<sup>2/</sup> Oregon State Land Board Ruling dated October 19, 1983.

TABLE 6

SOFTWOOD SAWTIMBER HARVEST RESTRICTED AND AVAILABLE FOR LOG EXPORTS  
 FROM PACIFIC COAST STATES 1972-81 BY OWNERSHIP  
 (in billion board feet, Scribner scale)

<u>Ownership</u>	<u>Restricted</u>	<u>Available</u>	<u>TOTAL</u>	
<u>Current Situation</u>				
Private/Native		101.0	101.0	2
Federal	78.0		78.0	
Indian		5.8	5.8	
State	2.9 <sup>1/</sup>	8.1 <sup>1/</sup>	11.0	
<b>TOTAL</b>	<b>80.9</b>	<b>114.9</b>	<b>195.8</b>	
%	41.3%	58.7%	100.0%	
<u>If Alaska Primary Processing Requirement Is Removed</u>				
<b>TOTAL</b>	<b>80.5</b>	<b>115.3</b>	<b>195.8</b>	
%	41.1	58.9%	100.0%	
<b>Change</b>	<b>-0.2%</b>	<b>+0.2%</b>		

TABLE 6 (Continued)

<u>Ownership</u>	<u>Restricted</u>	<u>Available</u>	<u>TOTAL</u>
<u>If All State Limitations Are Removed</u>			
<b>TOTAL</b>	<b>78.0</b>	<b>117.8</b>	<b>195.8</b>
<b>%</b>	<b>39.8</b>	<b>60.2%</b>	<b>100.0%</b>
<b>Change</b>	<b>-1.5%</b>	<b>+1.5%</b>	

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If Washington Law Requiring  
Requiring 50% Domestic  
Processing Becomes Effective

<b>TOTAL</b>	<b>84.7</b>	<b>111.1</b>	<b>195.8</b>
<b>%</b>	<b>43.3%</b>	<b>56.7%</b>	<b>100.0%</b>
<b>Change</b>	<b>+2.0%</b>	<b>-2.0%</b>	

TABLE 6 (Continued)

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- 1/ Log exports of the Western red cedar portion of state timber harvest in California, Oregon and Washington are restricted by the Export Administration Act of 1979, (estimated 0.5 billion board feet). State laws restrict Alaska (0.4 billion board feet), California (0.3 billion board feet), Oregon (1.7 billion board feet).
  - 2/ Log exports allowed on State Land Board lands in Oregon (0.4 billion board feet) and all timber in Washington, except Western red cedar (7.7 billion board feet).

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Source: Table 2 and Table 5

TABLE 7

ANNUAL SOFTWOOD LOG EXPORT LEVEL PROJECTIONS  
ASSUMING CURRENT POLICIES  
FOR WASHINGTON AND OREGON STATE

<u>Decade</u>	<u>Billion b.f.</u>
1971-80	2.50
1981-90	2.25
1991-2000	2.05
2001-10	1.70
2011-20	1.30

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Source: Alternative Forest Policies for the Pacific Northwest, Forest Policy Project, Study Module V, Washington State University, June 1981.

APPENDIX A

IMPACTS ON ECONOMY OF PROCESSING  
ADDITIONAL TIMBER IN WASHINGTON STATE

**A. Employment**

Processing 96 million board feet more DNR [Washington State Department of Natural Resources] timber will result in a net gain of approximately 1,500 jobs.

**Direct Jobs**

<u>Industry</u>	<u>Million b.f.</u>	<u>Years Employment per 1 million b.f.</u>	<u>Jobs</u>
Lumber mfg.	64	6.29	403
Plywood mfg.	32	9.74	312
Total	96		715
Log Exports	96	2.36	-227
		Net Direct Jobs	<u>448</u>

Source: USDA Forest Service, PNW-200, 1975

**Indirect Jobs**

For each direct job in the forest products industry, 2 indirect jobs in

service, transportation, wholesale, retail, government, etc., are created (Industrial Forestry Association, University of Washington, College of Forest Resources).

488 x 2 = 976 Indirect Jobs

Total Jobs:

488 + 976 = 1464 rounded to 1500

B. Wages

Direct job wages currently paid an average of \$21,900 annually (Washington Employment Security Department--includes logging, sawmill and plywood employment). Direct wages, therefore, from these 488 jobs would amount to \$10.7 million each year.

Indirect job wages for such support jobs paid an average of \$15,400 annually (Washington Employment Security Department). Indirect wages therefore from these 976 jobs would amount to \$15.0 million each year.

C. State Sales Tax

Wages

Of the total annual direct and indirect wages paid of \$25.7 million, approximately 27% would be subject to state sales tax (IRS). Based on an average sales tax rate of 7.4%, the additional wages would generate revenue for state and county use of \$500,000 annually.

Processing

To produce \$46 million in wood product sales, producers will make many purchases supporting their operations, other than raw materials products and services covered by B&O tax. It is estimated that about 7% of gross revenue would be spent for items subject to sales tax. This would generate any additional \$238,000 in sales tax annually ( $46,000,000 \times .07 \times .074$ ).

Indirect

It is estimated about 10% of the

gross revenue generated by producers will be consumed within the State of Washington through normal distribution channels. This \$4.6 million will generate \$340,000 in state sales tax annually.

Total Sales Tax — \$1,078,000.

D. B&O Taxes

Business and occupation taxes are collected from manufacturers based on the sales revenue they generate from products sold.

Lumber

64 million b.f. logs x 1.6 overrun to lumber - 102.4 million b.f.

102,400 thousand b.f. x \$221 per thousand b.f. (WWPA Index) = \$22.6 million

Plywood

32 million b.f. logs x 2.9 sq.ft./b.f. = 92.8 million sq.ft.

92,800 thousand sq.ft. x \$190 per thousand sq.ft. (A.P.A.) = \$17.6 million

Chips

96 million b.f. logs x .8 ton/thousand b.f. = 76,800 tons

76,800 x \$55/BDT = \$4.2 million

Hog Fuel, Bark, Savings and Sawdust

96 million b.f. logs x 1.0 units/thousand  
b.f. = 96,000 units

96,000 x \$17/unit = \$1.6 million

Total Products \$46.0 million

B&O rate for manufacturing (not  
including the surtax) .00471 is used.  
The total B&O tax would be \$217,000.

Indirect B&O

The University of Washington,  
College of Forest Resources, conducted  
input-output studies in 1976. These  
studies concluded that for each revenue  
dollar received by a wood products manu-  
facturer, an additional \$1.33 expenditure  
is generated for their raw materials,  
equipment and supplies.

\$1.33 x 217,000 = \$289,000

Total B&O is \$506,000 per year

E. New Production Facilities

As timber harvest from DNR lands

changes from old growth to second growth, and with the revolutionary changes in sawmill technology, it is expected that new or replacement mills will be constructed. With the availability of an additional 96 million b.f. of logs, it is anticipated that one-half of the volume will be processed in existing sawmills and plywood plants. The remaining 48 million board feet will result in stimulating construction of two additional sawmills costing a total of \$12 million.

An expenditure of \$12 million for new or replacement mill facilities would be divided approximately 45% labor cost (\$5.4 million) and 55% material costs (\$6.6 million), most of which would come from Washington.

To determine the full extent of the impact of a one-time injection into the state's economy of \$5.4 million in wages and \$6.6 million in construction material

costs, it is necessary to recognize that these expenditures also will be "multiplied" as they circulate and recirculate through the state's economy.

Thus, the construction phase of the two new mills will result not only in the direct construction wages of \$5.4 million, but indirectly on another \$5.4 million (using a multiplier of two), and have the full effect of \$10.8 million of direct and indirect wage expenditures on the state economy. At \$20,000 annual average wage, this level of expenditure represents 540 jobs. The \$6.6 million in material costs will have the full effect of \$19.8 million of material expenditures on the state economy (using a multiplier of three). As calculated before, it would be expected that 27% of the wage expenditure, or \$2.9 million (.27 x \$10.8 million), would be subject to state sales taxes, as would the \$19.8 million in

material expenditures. The one-time state tax revenue generated would be \$1.68 million (\$22.7 million x 7.4%).

It is anticipated that the new mills would be constructed in F.Y. 1984 through 1987.

F. Property Tax

Mills

It is anticipated that the two new mills will go on the tax rolls in 1986 and 1988 at \$6 million each, and that the effective tax rate will be 1.5%. This will increase property tax collections \$180,000 in 1989 and beyond.

Homes and Other Business

It is estimated that the additional 1,500 long-term jobs will generate property tax improvements in homes and businesses of \$20,000 per job, or \$30 million over the next 6 years.. This will result in \$450,000 in annual property tax collection.

**Source:**

Fiscal Note: Washington Bill No.  
SB 3293, Northwest Independent  
Forest Manufacturers, submitted to  
Washington State Legislature, March,  
1983.

APPENDIX B

LIST OF MEMBERS OF AMICI CURIAE

Northwest Independent Forest Manufacturers

A & B Shake Mill

Allen Logging Company

G. T. Anderson Lumber Co.

Boyd Lumber Corporation

Cascade West Forest Products

Clear Shake, Inc.

Columbia Vista Corporation

Dahlstrom Lumber Company

Delson Lumber Company

Great Western Lumber Co.

Hamilton Cedar Products

H-O Lumber Products, Inc.

Hoquiam Plywood Company, Inc.

Hurn Shingle Company

Loth Lumber Co., Inc.

Manke Lumber Company

Merrill & Ring, Inc.

Miller Shingle  
Mt. Baker Plywood, Inc.  
North Hoquiam Shake  
Pacific Highland Cedar Products  
Peoples National Bank  
Puget Sound Plywood, Inc.  
Rosmond Bros. Lumber Co.  
Seattle-Snohomish Mill Co.  
Sol Duc Shake Company, Inc.  
Summit Timber Company  
Welco Lumber Company

North West Timber Association

Alpine Veneer, Inc.  
Brazier Forest Products  
Brookings Plywood Division,  
South Coast Lumber Co.  
Eugene F. Burrill Lumber Company  
C & D Lumber Company  
Clark & Powell Lumber Company  
Clear Lumber Company

Cone Lumber Company  
Cuddeback Lumber Company  
Douglas County Lumber Company  
Fort Vancouver Plywood Company  
Freres Lumber Company  
Herbert Lumber Company  
D. R. Johnson Lumber Company  
Keller Lumber Company  
Lane Plywood Company  
Mazama Timber Products, Inc.  
The Murphy Company  
North Side Lumber Company  
Oregon Industrial Lumber Products, Inc.  
Rosboro Lumber Company  
Rough & Ready Lumber Company  
Spalding & Son, Inc.  
Starfire Lumber Company  
Tangfeldt Wood Products  
Webco Lumber, Inc.  
Zip-O-Log Mills, Inc.